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German Democratic Republic

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INCREASING EXPENDITURES AND DECREASING PROFITS IN AGRICULTURE (40 pp; [REDACTED])

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[REDACTED] by the Main Department for Agriculture and Forestry in Berlin, concerns the prospects for profitable development of the agricultural economy in the Soviet Zone on the basis of the changed profit and expenditure relationships. It states that a reorganization of the agricultural price structure is necessary because of the increasing credit requirements of the farmers, brought about by higher operating expenses and lower profits. In order to indicate the approximate extent of the agricultural price reforms necessary, the Department conducted statistical studies on Land Brandenburg, comparing the average farm expenditures and profits for 1934/38 with the estimated figures of 1946/47 and the probable figures for 1950/51.

The results of the studies are given in the following types of tables: 1) 30 tables giving detailed statistics on 30 individual farms, arranged according to type of agricultural product grown, size of farm in hectares, financial rating, and total appraised value of farm in RM per hectare. A breakdown of actual and estimated profits and operating expenses in RM per hectare is given for each farm for the above-mentioned three periods. 2) Table which lists, in percentages, the changes in present (1946/47) and future (1950/51) profits and expenses, as compared with 1934/38. Reasons are given for each increase or decrease. 3) Table giving a breakdown of differences (in RM and percentages) between taxes paid per hectare in 1934/38 and 1946/47, which shows a 75% increase. 4) Table giving breakdown of differences (in RM and percentages) between insurance premiums paid per hectare in 1934/38 and 1946/47, which shows a 90% increase. 5) Table comparing costs of various types of fertilizers in 1938/39 and 1946/47, which lists amounts in tons used throughout the Soviet Zone, prices per ton in RM, and total prices. A 70% decrease in costs is calculated for 1946/47, but increased costs for all types of fertilizers are estimated for 1950/51. 6) Table which combines the results of the above individual studies and compares the three periods, 1934/38, 1946/47, and 1950/51, as follows: a) differences in intake and net profits on the basis of the type of product farmed; b) differences in intake and net profits on the basis of the type of financial rating; c) differences between turnover and net profits on the basis of size of farm, type of product farmed, and financial rating; d) differences between intake, expenditures, and net profits (in RM per hectare) on the basis of the type of farm, size, and financial rating; e) differences between intake and net profits on the basis of the average size of the farm in hectares.

Conclusions of the Department on the basis of these studies: 1) arrangements must be made so that amortization and interest payments can be made on the average farm on credit up to 50-60% of its value, which would yield a net profit approximating the average farm profits realized in 1934/38 period; 2) there must be an average mark-up of 30% in the prices of all agricultural products; 3) unless remedial steps are taken, the agricultural enterprises in Brandenburg and Mecklenburg are in danger of ruinous involvement in debt in 3-4 years; the prospects for agriculture in the other Laender of the Zone are not considered to be as serious.

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